

Executive Department
Austin, Texas
April 2, 1937

To the Forty-fifth Legislature of the State of Texas:

I have performed an unpleasant duty in disapproving and vetoing Senate Bill No. 14, which authorizes a donation and grant to Harris County of one-half the State ad valorem taxes collected in that county for the next ten years. I am returning this Bill to the Senate, in which it originated.

In a message to the Legislature on March 25, before this Bill was passed, I respectfully urged that no further tax remission bills be passed; and, in an effort to be fair with the Members of the Legislature, I said

I would veto such Bills. At that time I pointed out that more than 40 counties in Texas have had tax remissions or donations by previous Legislatures; and that this operated as a discrimination against other counties. This discrimination was largely the basis and argument for the passage of the Mauritz Bill by the House to remit or donate taxes to all counties in Texas. In addition to the Mauritz Bill pending in the Senate, as you are well aware there are a number of other individual tax donation Bills, either for individual counties, or groups of counties. Other Bills will unquestionably be proposed; and to pass these Bills will but add to existing discriminations.

We have a tremendous deficit in general revenue. To give away these ad valorem taxes will add to that deficit. The relief bonds voted by the people are payable out of the first tax moneys collected for the General Fund. The credit of the State will be further seriously impaired.

To sign this Bill will call for the passage and signing of other similar Bills. There is no end to it. If I sign the Harris County Bill I can hardly refuse to sign the Bexar County and Pease River Bills.

I do not question the desirability of flood control work such as that called for in this and other Bills. There are many projects which I should like to see carried out if the State were able to do it. The fact remains that we are not able to do it. It isn't common sense to give money away when we are so terribly in debt and in such dire need of additional revenues to provide for needy functions of government such as aid to the blind, aid for dependent children, aid to the insane, aid to the sick, for public health and many other desirable ends of government in this progressive day.

In addition to the question of the policy involved in giving, or donating away the State's taxes, I direct your attention to the broad terms of the grant in this Bill. The long and short of it is that one-half of the taxes collected in Harris County during the next ten years are turned over to Harris County for expenditure in such manner as its agencies may see fit, with broad grants of power to buy and sell, acquire lands and rights and interest in any other character of property, to appoint managers, agents and employes, including attorneys, etc. No safeguard whatever is given the State to supervise expenditure of such moneys, or to pass upon the reasonableness of the price paid for lands, or interest in property, etc. There is no provision for the local community bearing any part of the burden of taking care of its own flood control problem by matching any part of the State's tax remission.

When this Bill was passed in the House the point was made that I had signed an extension of tax remissions to Galveston County for a period of five years. Even though there were no distinction between the two, this but illustrates the position in which you and I would find ourselves by approving another tax remission Bill. Bexar County, for instance, will then insist that because we had approved the Galveston County Bill, theirs should be approved. Pease River Authority, The Sabine River Authority, the Guadalupe-Blanco Authority, the Upper Colorado Authority and others, would make the same argument.

There is, however, a vast distinction between the Galveston County remissions and this one. The original Galveston County remissions were made after the most devastating tidal wave of destruction the State has ever known, in which more than five thousand people lost

their lives. The remission was made for the purpose of building a sea wall. In 1927 the Legislature extended this remission to help the citizenship of Galveston County to carry out this project. They had voted bonds for that purpose, and they still owe about two million dollars on these bonds. The amount of State taxes given them, I understand, will only amount to approximately about one-fourth of these outstanding bonds. In other words, the local citizenship are bearing more than their proportionate share of the burden of this sea wall work, voted by them in the wake of this disastrous storm which left them prostrate and helpless.

In addition to this, Galveston County and others enjoying tax remissions at the time of the adoption of the homestead amendment to the Constitution are not entitled to the benefit of the homestead exemption. This is by the express terms of the Constitution. I am sure the citizenship of Harris County, or any other county desiring tax remissions, would not care to imperil or encourage a demand for taxing the homesteads in their respective communities for the purpose of carrying on flood control work.

I truly regret that I cannot agree with many of my friends in Harris County and others in the Legislature that this Bill should become a law. I have an honest difference of opinion with them. I must look at the welfare of the State as a whole and, in doing that, it now becomes my duty to veto this and other similar Bills. I assure you that this is done with the highest respect for every member of the Legislature who may have voted to pass this Bill; but, at the same time, it is with the earnest suggestion to each of you that this message be carefully read and the great problem of government involved considered from the standpoint of the welfare of the whole State rather than a local community.

Respectfully submitted

JAMES V. ALLRED

Governor of Texas